

Message Text

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SUBJECT: GOJ STATEMENT ON REVERE SHUTDOWN

REF KINGSTON 3208

1. FOLLOWING IS FULL TEXT OF GOJ STATEMENT ON REVERE SHUT-
DOWN ISSUED BY ACTING PM DAVID COORE EVENING OF AUGUST 20:

API NEWS RELEASE 1081/75

STATEMENT BY HON DAVID COORE, ACTING PRIME MINISTER AND MINISTER
OF FINANCE ON CLOSURE OF REVERE PLANT IN JAMAICA

"GOVERNMENT HAS BEEN AWARE FOR SOME TIME THAT THE REVERE
COMPANY WAS EXPERIENCING FINANCIAL DIFFICULTIES IN RESPECT OF
ITS PLANT IN JAMAICA. LAST YEAR, FOR EXAMPLE, THE COMPANY MADE
REPRESENTATIONS TO GOVERNMENT FOR PARTIAL RELIEF FROM PAYMENT OF
THE BAUXITE LEVY FOR WHICH IT WAS LIABLE, IN ORDER TO ENABLE THEM
TO DEVELOP PROPOSALS WHICH WOULD CORRECT THE EXISTING FINANCIAL
DIFFICULTIES OF THE JAMAICAN PLANT. THESE DIFFICULTIES AROSE OUT
OF THE FACT THAT THIS PLANT WAS UN-ECONOMICAL DUE TO ITS LIMITED
CAPACITY. THE COMPANY SATISFIED THE GOVERNMENT THAT THEIR
CASE WAS JUSTIFIED AND THEIR REQUEST FOR RELIEF WAS GRANTED.

A FEW MONTHS AGO, THE COMPANY AGAIN APPROACHED THE GOVERNMENT
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AND SUGGESTED THAT IT MAY HAVE TO CLOSE ITS JAMAICAN OPERATIONS

BECAUSE OF -

- (A) THE RECESSION IN THE UNITED STATES OF AMERICAN AND THE CONSEQUENT REDUCTION IN DEMAND FOR ALUMINIUM; AND
- (B) THE CONTINUING UN-ECONOMIC PRODUCTION OF THE JAMAICAN PLANT DUE TO ITS LIMITED CAPACITY.

IN ORDER TO KEEP THE JAMAICAN PLANT OPERATING, AT LEAST TO THE END OF 1975, THE COMPANY REQUESTED ASSISTANCE BY WAY OF:-

- (8) 100 0/0 RELIEF FROM THE BAUXITE LEVY FOR THE YEAR 1975; AND
- (II) FREIGHT RATES CHARGED BY THE JAMAICA RAILWAY CORPORATION BEING MAINTAINED AT EXISTING LEVELS UP TO THE END OF DECEMBER 1975.
- (III) WAGES BEING MAINTAINED UP TO THE END OF 1975, AT CURRENT LEVELS OF THE EXISTING UNION LABOUR CONTRACT WHICH WAS DUE TO EXPIRE IN SEPTEMBER 1975.

AFTER CAREFULLY EXAMINING THE MATTER AND PARTICULARLY BEARING IN MIND THE NEED TO SECURE THE JOBS OF THE EXISTING WORK FORCE, GOVERNMENT AGREED TO APPROVE ITEMS (I) AND (II) SUBJECT TO OPERATIONS CONTINUING UPT TO THE END OF 1975. THE COMPANY WAS SO NOTIFIED AND IN DOING SO IT WAS MADE CLEAR TO THEM THAT OF OPERATIONS CEASED BEFORE THE END OF 1975, THEY WOULD BE LIABLE FOR PAYMENT OF THE FULL AMOUNTS DUE UNDER THE BAUXITE LEVY FOR THE YEAR 1975 AS IF NO RELIEF HAS BEEN GRANTED.

IN RESPECT OF ITEM(III) THE COMPANY WAS INFORMED THAT GOVERNMENT HAD NO AUTHORITY TO GRANT SUCH CONCESSIONS AS IT WAS A MATTER WHICH, PROPERLY, COULD ONLY BE DECIDED IN NEGOTIATION BETWEEN THE COMPANY AND THE UNION REPRESENTING THE WORKERS. THE COMPANY WAS ADVISED TO MAKE THEIR REPRESENTATION TO THE UNION AT THE EARLIEST OPPORTUNITY.

NOTWITHSTANDING GOVERNMENT ACCEDING TO THE WISHES OF THE COMPANY IN RESPECT OF ITEMS OVER WHICH THE GOVERNMENT HAD CONTROL, THE COMPANY LAST THURSDAY NOTIFIED THE ACTING CHAIRMAN OF THE BAUXITE NEGOTIATION TEAM, MR. MAYER M. MATALON, THAT IT WOULD BE CLOSING DOWN ITS OPERATIONS

IN THE LIGHT OF THE COMPANY'S ANNOUNCEMENT, GOVERNMENT IS CURRENTLY EXAMINING TWO IMPORTANT MATTERS WHICH ARISE FROM THE CLOSURE.

THESE ARE:-

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- (A) THE LIABILITY OF THE COMPANY FOR THE PAYMENT OF THE BAUXITE LEVY FOR THE YEAR 1975 AS SET OUT IN THE LAW: AND
- (B) THE EFFECT OF THEIR CESSATION OF MINING OPERATIONS ON THE RETENTION BY THE COMPANY OF THE CURRENT LICENCES HELD BY THEM.

GOVERNMENT REMAINS READY AND WILLING TO DISCUSS ANY REALISTIC PROPOSAL WHICH THE COMPANY MAY WISH TO PUT FORWARD REGARDING THE CONTINUED OPERATIONS OF ITS PLANT IN JAMAICA.

THE GOVERNMENT IS NATURALLY VERY CONCERNED AT THE HARDSHIP WHICH
WILL BE CAUSED TO WORKERS AND THEIR FAMILIES WHO WILL BE
AFFECTED BY THE CLOSURE OF THE PLANT

THE UNION HAS REQUESTED A MEETING WITH THE COMPANY TO DISCUSS THIS
SITUATION, AND I WISH TO RE-ITERATE THAT GOVERNMENT STANDS
AVAILABLE TO EITHER THE COMPANY OR THE UNION TO ASSIST IN
ENSURING A RESOLUTION TO THIS MATTER AND TO MINIMIZE THE HARD-
SHIP WHICH MUST RESULT FROM THE COMPANY'S DECISION TO CLOSE
THE PLANT.

2. COMMENT BY SEPTTEL. GERARD

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